

LIQUOR CONTROL

PROGRAM:

Retail Operations

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide efficient, customer-friendly retail stores that compete successfully with stores in surrounding jurisdictions both in price and selection; that comply with all laws; and that return a reasonable transfer to the General Fund

COMMUNITY OUTCOMES SUPPORTED:

- Provide high quality, high value service to customers
- Foster respect for all County, State, and Federal laws
- Provide a reasonable transfer to the General Fund to assist in supporting other County services

PROGRAM MEASURES

| | FY02 ACTUAL | FY03 ACTUAL | FY04 ACTUAL | FY05 BUDGET | FY05 ACTUAL | FY06 APPROVED |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
| Outcomes/Results: | | | | | | |
| Gross profit (\$000) | 19,359 | 20,960 | 22,671 | 23,152 | 24,241 | 24,318 |
| Net income (\$000) ^a | 7,326 | 7,801 | 8,519 | 8,265 | 9,254 | 8,337 |
| General Fund transfer (\$000) ^b | 7,609 | 6,963 | 6,984 | 6,984 | 6,971 | 6,984 |
| Service Quality: | | | | | | |
| Board of Liquor License Commissioners inspection violations | 1 | 2 | 0 | 0 | 0 | 0 |
| Montgomery County Police Department inspection violations | 2 | 0 | 0 | 0 | 0 | 0 |
| Percentage of customers satisfied with customer service offered ^c | 96 | 96 | 96 | 100 | 100 | 100 |
| Percentage of customers satisfied with facility and design ^c | 93 | 94 | 94 | 100 | 100 | 100 |
| Percentage of customers satisfied with product selection ^c | 91 | 89 | 93 | 100 | 100 | 100 |
| Percentage of customers satisfied with product pricing ^c | 87 | 87 | 92 | 100 | 100 | 100 |
| Efficiency: | | | | | | |
| Gross profit per dollar of labor costs (\$) | 3.21 | 3.37 | 3.39 | 3.29 | 3.15 | 2.88 |
| Sales per dollar of gross profit (\$) | 3.11 | 3.13 | 3.13 | 3.20 | 3.08 | 3.20 |
| Sales per dollar of net income (\$) | 8.22 | 8.40 | 8.34 | 8.97 | 8.07 | 9.35 |
| Sales per dollar of operating expenses (less depreciation) (\$) | 5.08 | 5.05 | 5.08 | 4.88 | 4.85 | 4.35 |
| Workload/Outputs: | | | | | | |
| Sales (\$000) | 60,235 | 65,512 | 71,024 | 74,170 | 74,723 | 77,910 |
| Cases transferred in (000) ^d | 686 | 734 | 772 | 795 | 808 | 820 |
| Inputs: | | | | | | |
| Operating expenses excluding depreciation (\$000) | 11,848 | 12,962 | 13,990 | 15,187 | 15,415 | 17,929 |
| Labor costs including salaries and benefits (\$000) | 6,040 | 6,223 | 6,691 | 7,038 | 7,696 | 8,432 |
| Workyears | 117.0 | 120.0 | 125.1 | 125.1 | 125.1 | 149.6 |

Notes:

^aBased on Generally Accepted Accounting Principles (GAAP): revenues are recorded when earned; expenses are recorded when liabilities are incurred; capital outlay is excluded; depreciation is included.

^bEstimate of total transfer attributed to retail operations.

^cIn the fall, postage-paid surveys are placed in customers' bags at checkout. Each store receives about 1,500 surveys to be distributed. In 2002, 1,237 surveys were returned from the 24 stores; in 2003, 888 were returned; and in 2004, 795 were returned. The FY06 surveys will be issued in the fall of 2005.

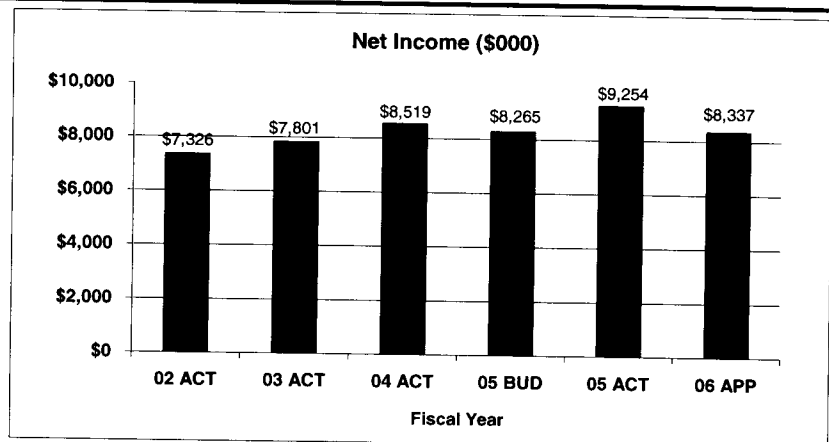
^dThis is the number of cases transferred to Department of Liquor Control liquor stores to be sold.

EXPLANATION:

Retail Operations consists of contractor and County-managed stores, plus a pro-rata share of other Department of Liquor Control functions (Office of the Director, Community Outreach, Finance, and IT).

In March, 2004, the County added a new retail store, making the total 25. In January, 2005, the Pike store reverted to County management, and in March, 2005, the Muddy Branch store reverted to County management. Currently, only one store is contractor-managed.

While gross profit has been increasing steadily, net income is projected to decline in FY06 when the Department of Liquor Control undertakes new investments in computer upgrades.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Finance Department.

MAJOR RELATED PLANS AND GUIDELINES: Federal, State, and County laws; Generally Accepted Accounting Principles.

LIQUOR CONTROL

PROGRAM:

Wholesale Operations

PROGRAM ELEMENT:
PROGRAM MISSION:

To ensure the availability and delivery of beer, wine, and other beverage alcohol to wholesale licensees and retail stores at reasonable prices, in good condition, and in a manner that complies with all laws and returns a reasonable transfer to the General Fund

COMMUNITY OUTCOMES SUPPORTED:

- Provide high quality, high value service to customers
- Foster respect for all County, State, and Federal laws
- Provide a reasonable transfer to the General Fund to assist in supporting other County services

PROGRAM MEASURES

| | FY02 ACTUAL | FY03 ACTUAL | FY04 ACTUAL | FY05 BUDGET | FY05 ACTUAL | FY06 APPROVED |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
| Outcomes/Results: | | | | | | |
| Gross profit (\$000) | 23,074 | 23,987 | 25,694 | 27,178 | 28,458 | 28,549 |
| Net income (\$000) ^a | 14,179 | 13,535 | 14,909 | 14,692 | 16,452 | 16,185 |
| General Fund transfer (\$000) ^b | 14,726 | 12,115 | 13,517 | 13,517 | 13,325 | 13,517 |
| Service Quality:^c | | | | | | |
| Percentage of customers satisfied with employees' friendliness and professionalism | 88 | 84 | 93 | 100 | 88 | 100 |
| Percentage of customers satisfied with level of customer service provided | 65 | 79 | 74 | 100 | 80 | 100 |
| Percentage of customers satisfied with product integrity ^d | 87 | 86 | 84 | 100 | 87 | 100 |
| Percentage of customers satisfied with product selection | 85 | 80 | 80 | 100 | 82 | 100 |
| Efficiency: | | | | | | |
| Gross profit per dollar of labor costs (\$) | 2.84 | 2.67 | 2.72 | 2.68 | 2.91 | 2.63 |
| Sales per dollar of gross profit (\$) | 3.89 | 3.82 | 3.78 | 3.77 | 3.63 | 3.77 |
| Sales per dollar of net income (\$) | 6.33 | 6.76 | 6.52 | 6.97 | 6.27 | 6.65 |
| Sales per dollar of operating expense (less depreciation) (\$) | 10.52 | 9.20 | 9.37 | 8.94 | 8.87 | 7.95 |
| Workload/Outputs: | | | | | | |
| Sales (\$000) | 89,817 | 91,527 | 97,148 | 102,427 | 103,188 | 107,590 |
| Cases sold (000) | 3,945 | 3,891 | 4,026 | 4,642 | 4,026 | 5,340 |
| Inputs: | | | | | | |
| Operating expenses excluding depreciation (\$000) ^e | 8,536 | 9,950 | 10,368 | 11,456 | 11,628 | 13,525 |
| Labor costs including salary and benefits (\$000) | 8,123 | 8,976 | 9,433 | 10,128 | 9,796 | 10,847 |
| Workyears | 157.0 | 166.0 | 167.1 | 168.1 | 168.1 | 171.6 |

Notes:

^aBased on Generally Accepted Accounting Principles (GAAP): revenues are recorded when earned; expenses are recorded when liabilities are incurred; capital outlay is excluded; depreciation is included.

^bEstimate of earnings transfer attributed to wholesale operations.

^cSurveys are mailed to all wholesale customers every fall to gauge satisfaction in the four key areas shown. About 850 are mailed out each year (the number depends on the number of active licensees), and the number of responses has ranged from 242 (in 2001) to 78 (in 2003). In FY05, the Department received 84 responses.

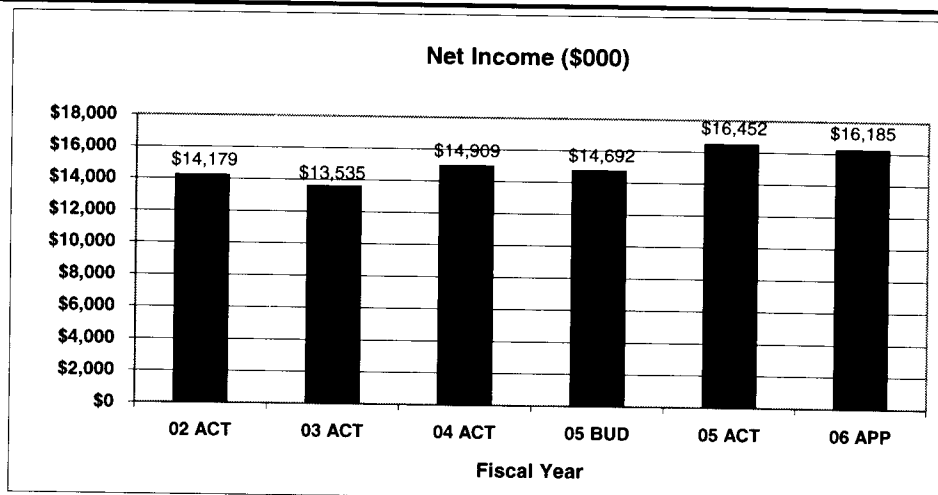
^d"Product integrity" encompasses a number of characteristics that affect the saleability of the product when it arrives at the customer's establishment - cleanliness, damage, within-code date, etc.

^eOperating expenses include the night loading contract.

EXPLANATION:

Wholesale Operations consists of Warehouse Operations and Delivery Operations, plus a pro-rata share of other Department of Liquor Control functions (Office of the Director, Community Outreach, Finance, and IT). The Warehouse Operations portion involves management of the warehouse facility and includes receipt, storage, and loading of distilled spirits, wine, and beer. Delivery Operations includes the distribution of distilled spirits, wine, and beer to approximately 870 private retailers and 25 County stores. (The 25th store was opened in March, 2004.)

While gross profit has been increasing steadily, net income is projected to decline in FY06 when the Department of Liquor Control undertakes new investments in computer upgrades and physical improvements in the warehouse.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Finance Department.

MAJOR RELATED PLANS AND GUIDELINES: Federal, State, and County laws; Generally Accepted Accounting Principles.